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RUEHKA/AMEMBASSY DHAKA 5004
RUEHNE/AMEMBASSY NEW DELHI 5036
RUEHUL/AMEMBASSY SEOUL 8631
RUEHKO/AMEMBASSY TOKYO 6200
RUEHCN/AMCONSUL CHENGDU 1597
RUEHCHI/AMCONSUL CHIANG MAI 1861
RUEHCI/AMCONSUL KOLKATA 0448
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 4056
RHEHNSC/NSC WASHDC
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RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 2021
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000764

SIPDIS

STATE FOR EAP/MLS, G, S/OGAC, OES
PACOM FOR FPA
BANGKOK FOR USAID HEALTH OFFICE
DEPARTMENT PLEASE PASS TO USAID/AME

E.O. 12958: DECL: 09/29/2018
TAGS: SOCI EAID PHUM KHIV PGOV BM
SUBJECT: BURMA TO REAPPLY FOR GLOBAL FUND

REF: A. 05 RANGOON 974
 1B. RANGOON 279
 1C. RANGOON 308

RANGOON 00000764 001.2 OF 003

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4 (b and d).

Summary

11. (C) The Burmese Government will again apply for assistance under the Global Fund for AIDS, Tuberculosis, and Malaria (GFATM), three years after the GFATM withdrew from Burma due to GOB travel and operational restrictions. Ministry of Health officials have coordinated with the UN, but less so with NGOs and donors, on a Round Nine application. The Ministry of Health will establish a Central Coordinating Mechanism (CCM) on October 7, per GFATM requirements. Despite GOB and UN efforts to move forward with an application, several other donors are concerned that the operational issues that prompted GFATM's 2005 withdrawal have not been resolved. However, donors note with apprehension that a rejected GFATM proposal could again embarrass the GOB and adversely affect the operational ability of international organizations working in Burma. As a significant donor to the Global Fund, the United States should become involved the process and coordinate with other donors to determine the best outcome. End Summary.

Background

12. (C) The Global Fund for AIDS, Tuberculosis, and Malaria (GFATM) initiated its program in Burma in 2004, providing a USD 98 million grant administered by the United Nations

Development Programme (UNDP). At inception, several U.S. Senators requested that the Global Fund withhold the disbursement of any additional funds, arguing that the regime was responsible for Burma's humanitarian problems. In 2005, Congress required annual certification of UNDP's Burma programs to ensure no goods, services, or funds are provided to the regime or any regime-affiliated agency. U.S.-based advocacy groups put further pressure on the Global Fund to institute additional safeguards to ensure that funding did not benefit the regime. According to Mikko Lainejoki, Country Director for the Three Diseases Fund (3D Fund, established by the UN and six international donors in 2006 after the Global Fund withdrawal), the Global Fund complied, refusing to provide cash transfers to regime officials and entities and halting capacity-building programs for GOB agencies.

¶3. (C) In July 2005, the Burmese Government instituted new travel policies restricting access for Global Fund and implementing partners' staffs to program areas. It also imposed new, unwieldy procedures for the procurement of medical supplies. Consequently, the Global Fund decided to withdraw from Burma in August 2005, citing operational difficulties (Ref A).

¶4. (C) In March 2008, Global Fund representatives visited Burma and met with the Minister of Health, UN agencies, and several health NGOs. Based on their observations of a severe need for additional health assistance, they encouraged the Burmese Government to submit a new Global Fund application, WHO Country Representative Adik Wibowo told us. According to Lainejoki, the Minister of Health was initially hesitant because the GOB was "embarrassed" by the manner in which the

RANGOON 00000764 002.2 OF 003

Global Fund terminated its previous program. The Minister nevertheless raised the issue with the Senior Generals, reportedly receiving tacit approval in September to apply for another Global Fund grant.

Status of Burma's Grant Application

¶5. (C) UNAIDS Country Coordinator Brian Williams told us the GOB will submit an application for Round Nine, due in January 2009. On September 17, the Burmese Coordinating Body for HIV/AIDS, TB, and Malaria -- made up of select GOB, UN, NGO, and donor officials -- held its first Global Fund preparation meeting and began the process of establishing a Central Coordinating Mechanism (CCM), a GFATM requirement. During the meeting, participants agreed the CCM will have 25 members, including 10 GOB officials, four UN officials, one bilateral donor representative, three local NGO representatives, four international NGO officials, one private sector representative and two people infected with HIV/AIDS or TB. WHO TB Technical Officer Hans Kluge told us the Ministry of Health (MOH) will hold the first CCM meeting in Nay Pyi Taw on October 7. Per GFATM guidelines, CCM members, including the CCM Chair, should be elected; however, Kluge could not elaborate on the election process.

¶6. (C) During a September 25 informal meeting with key donor representatives, several Global Fund donor representatives indicated to us that neither the Ministry of Health nor the UN have coordinated with donors on the pending application. Only one donor -- Japan International Cooperation Agency (JICA) -- was present at the September 17 meeting, per the GOB's request. AusAID official Bernie Pearce stated that the donors not only need to be represented on the CCM (and chosen through a transparent process rather than GOB designation), but also should be kept informed of the process so they can accurately report to their headquarters. Noting that donor support is vital to ensuring Global Fund approval of a new Burma program, Pearce questioned whether the GOB and the UN recognize the need to involve the donors. INGO contacts also told us that while

they are aware of the pending application, they have had limited involvement in the process to date. They have, however, begun informal coordination among themselves.

Implications of Another Application

¶17. (C) Donors do not question the need for additional health assistance in Burma in the absence of greater GOB funding (currently less than one percent of GDP), particularly as the Global Drug Facility will no longer provide free TB medicines to Burma after 2009 (Ref B). The Global Fund presents an opportunity for the GOB to secure significant new international assistance at a time when individual donors remain unable or unwilling to provide bilateral aid.

¶18. (C) However, many of the problems that predicated the Global Fund's 2005 withdrawal remain in place today. With the exception of relief work in the Delta related to Cyclone Nargis, for example, access still remains an impediment. The GOB requires international organizations to submit travel requests with detailed itineraries two weeks in advance of travel, and approval is never certain. Outside the Delta, many international NGOs report the GOB continues to restrict their access to other parts of the country -- though NGOs continue to emphasize they can work successfully in Burma,

RANGOON 00000764 003.2 OF 003

finding informal ways to plan, implement, and monitor programs. Moreover, drug procurement regulations remain cumbersome, although the 3D Fund has had some success in procuring drugs quickly (Ref C). The operational environment may have changed somewhat since 2005, although perhaps not enough to ensure Global Fund success.

¶19. (C) On the other hand, a rejection of the GOB's Round Nine application, particularly after Global Fund representatives encouraged the Minister of Health to apply, may have ripple effects. 3D Fund's Lainejoki expressed concern, for example, that if the application is refused the GOB could take its frustrations out on international organizations by further restricting travel or operations. Additionally, he added, lack of Global Fund support would exacerbate the state of Burma's already shameful health care system. Denying Burma's grant application would prevent necessary treatment for the prevention and spread of HIV/AIDS, malaria and TB, which could well have regional implications.

Comment

¶110. (C) As the GOB moves forward with its Round Nine application, it will be telling to see how it establishes the CCM. Any manipulation of the process would tarnish its bid for Global Fund monies. If the Department is already engaged in a dialogue with the Global Fund about a renewed Burma program, we seek a read-out on the state of play. If no such dialogue is yet under way, we urge it begin. At a minimum, we are prepared to participate in prospective-donor meetings here on the Global Fund, not only to monitor outcomes, but to encourage transparency. If Washington wishes us to take a more active role, we will need guidance ASAP. There will be a meeting among local donors on October 2 to elect the sole donor representative to the CCM. Note that the first CCM meeting is tentatively scheduled for October 7 in Nay Pyi Taw.

DINGER